

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1820 be amended to read as follows:

- 1           Page 2, after line 30, begin a new paragraph and insert:  
2           "SECTION 2. IC 5-10.2-4-3, AS AMENDED BY P.L.2-2006,  
3           SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4           JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection ~~(f)~~,  
5           **(g)**, in computing the retirement benefit for a nonteacher member  
6           **before January 1, 2008**, "average of the annual compensation" means  
7           the average annual compensation calculated using the twenty (20)  
8           calendar quarters of service in a position covered by the retirement  
9           fund before retirement in which the member's annual compensation  
10          was the highest. However, in order for a quarter to be included in the  
11          twenty (20) calendar quarters, the nonteacher member must have  
12          performed service throughout the calendar quarter. All twenty (20)  
13          calendar quarters do not have to be continuous but they must be in  
14          groups of four (4) consecutive calendar quarters. The same calendar  
15          quarter may not be included in two (2) different groups.  
16          **(b) Except as provided in subsection (g), in computing the**  
17          **retirement benefit for a nonteacher member after December 31,**  
18          **2007, "average of the annual compensation" means the average**  
19          **annual compensation calculated using the twelve (12) calendar**  
20          **quarters of service in a position covered by the retirement fund**  
21          **before retirement in which the member's annual compensation was**  
22          **the highest. However, in order for a quarter to be included in the**  
23          **twelve (12) calendar quarters, the nonteacher member must have**  
24          **performed service throughout the calendar quarter. All twelve (12)**

**calendar quarters do not have to be continuous but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups.**

~~(b)~~ **(c)** This subsection does not apply to a teacher member described in subsection ~~(c)~~ **(d)**. In computing the retirement benefit for a teacher member, "average of the annual compensation" means the average annual compensation for the ~~five (5)~~ **three (3)** years of service before retirement in which the member's annual compensation was highest. In order for a year to be included in the ~~five (5)~~ **three (3)** years, the teacher member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service. The ~~five (5)~~ **three (3)** years do not have to be continuous.

~~(c)~~ **(d)** This subsection applies to a member of the Indiana state teachers' retirement fund who serves in an elected position for which the member takes an unpaid leave of absence. In computing the retirement benefit for a teacher member described in this subsection for years of service to which IC 5-10.4-5-7 does not apply, "average of the annual compensation" means the annual compensation for the one (1) year of service before retirement in which the member's annual compensation was highest. In order for a year to be used, the teacher member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service.

~~(d)~~ **(e)** Subject to IC 5-10.2-2-1.5, "annual compensation" means:

(1) the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for:

(A) the state's, a school corporation's, a participating political subdivision's, or a state educational institution's (as defined in IC 20-12-0.5-1) paying the member's contribution to the fund for the member; or

(B) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code; and

(2) in the case of a member described in subsection ~~(c)~~ **(d)** and for years of service to which IC 5-10.4-5-7 does not apply, the basic salary that was not paid during the year but would have been paid to the member during the year under the member's employment contracts, if the member had not taken any unpaid leave of absence to serve in an elected position.

The portion of a back pay award or a similar award that the board determines is compensation under an agreement or under a judicial or an administrative proceeding shall be allocated by the board among the years the member earned or should have earned the compensation. Only that portion of the award allocated to the year the award is made is considered to have been earned during the year the award was made. Interest on an award is not considered annual compensation for any year.

~~(e)~~ **(f)** Compensation of not more than two thousand dollars

1 (\$2,000) received from the employer in contemplation of the member's  
2 retirement, including severance pay, termination pay, retirement bonus,  
3 or commutation of unused sick leave or personal leave, may be  
4 included in the total annual compensation from which the average of  
5 the annual compensation is determined, if it is received:

6 (1) before the member ceases service; or

7 (2) within twelve (12) months after the member ceases service.

8 ~~(f)~~ (g) This subsection applies to a member of the general assembly:

9 (1) who is a participant in the legislators' retirement system  
10 established under IC 2-3.5;

11 (2) who is also a member of the public employees' retirement fund  
12 or the Indiana state teachers' retirement fund; and

13 (3) whose years of service in the general assembly may not be  
14 considered in determining the average of the annual  
15 compensation under this section, as provided in

16 IC 2-3.5-1-2(b)(2) or IC 2-3.5-3-1(c).

17 The board shall use the board's actuarial salary increase assumption to  
18 project the salary for any previous year needed to determine the  
19 average of the annual compensation."

(Reference is to HB 1820 as printed February 20, 2007.)

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Representative Klinker